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FOR IMMEDIATE RELEASE **Contact: Brigid O'Brien**
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Capps Offers House Motion to Remove Oil Drilling Inventory from Energy Bill

WASHINGTON – Later today, Congresswoman Lois Capps will offer a motion on the House floor to instruct conferees on the Energy Bill to preserve the House position on matters relating to offshore oil drilling and coastal protection. The motion will again reiterate the strong House opposition to a new oil and gas 'inventory' in the Outer Continental Shelf (OCS). Such an inventory would threaten the longstanding moratoria on new drilling in the OCS off Florida, California, Oregon, Washington, Alaska's Bristol Bay and the entire East Coast.

"The Conference Committee is trying to run roughshod over the will of the House. Once again, we're going to send a strong message – no new drilling off our coasts. The House will not accept an unnecessary, expensive, and invasive 'inventory,' nor will it agree to weakening of our coastal zone protection laws," said Congresswoman Capps.

Specifically, the Motion to Instruct will have two provisions. First, it instructs conferees to include House provisions concerning consistency determinations under the Coastal Zone Management Act (CZMA). Under CZMA, states can review projects, like offshore oil and gas development, which impact their costal zones. While a state can reject a project not found to be in its best overall interests, that rejection can still be appealed to the Secretary of Commerce. Currently, there is no limit on the time the Secretary can take to develop the record to make a decision in an appeals case. During consideration of the Energy bill, a bipartisan compromise to impose reasonable time frames on the appeals process was included in the House-passed bill. The conferees should respect this bipartisan, common sense compromise.

Second, the motion instructs conferees to confine themselves to matters in the House bill regarding any offshore pre-leasing, leasing or development moratorium. During consideration of the Energy bill, the House agreed to a Capps amendment to remove a provision requiring an 'inventory' of oil and gas resources in the Outer Continental Shelf (OCS). This inventory would be taken in areas of the OCS currently off-limits to any new drilling, including any pre-drilling activity. The inventory language would have required seismic surveys and other invasive technologies in the OCS, thus allowing pre-drilling activities not permissible under current law.

The House unanimously struck this “inventory” because it is simply the first step to oil drilling in areas that are currently off-limits. It is an attempt to overturn the Presidential and Congressional moratoria that have been in place for decades, reaffirmed by Presidents George H.W. Bush, Clinton, and George W. Bush, and every Congress since 1982.

In addition, the inventory is unnecessary. The Minerals Management Service already conducts a survey every five years, the latest published in 2000. This assessment includes estimates of undiscovered oil and natural gas that is conventionally and economically recoverable.

“Coastal communities have spoken repeatedly, in strong bipartisan voices, to protect their state’s sensitive coastal resources and productive coastal economies. We simply will not risk economic and environmental devastation that could be caused by just one accident or spill. We must reject this attempt to open the door to new oil drilling,” concluded Congresswoman Capps.

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The Honorable Lois Capps
Motion to Instruct Conferees on the Energy Policy Act of 2003 (H.R. 6)

Mr. Speaker, I yield myself 5 minutes.

This motion does two things:

First, it instructs conferees to include in the conference report House provisions concerning consistency determinations under the Coastal Zone Management Act.

Under the CZMA, states can review projects, like offshore oil and gas development, which impact their coastal zones.

While a state can reject a project found not to be in its best overall interests, that rejection can still be appealed to the Secretary of Commerce.

Currently, there is no limit on the time the Secretary can use to develop the record to make a decision in an appeals case.

During consideration of the energy bill, a bipartisan compromise to impose reasonable time frames on the appeals process was developed and included in the legislation that passed the House.

The House should respect this bipartisan, commonsense compromise.

Second, the motion instructs conferees to confine themselves to matters in the House bill regarding any offshore pre-leasing, leasing or development moratorium.

Mr. Speaker, as members may remember, during consideration of the energy bill, the House agreed to bipartisan amendment I offered with Reps. Jim Davis and Jeff Miller, both of Florida.

That amendment struck from H.R. 6 a provision to require a so-called "inventory" of oil and gas resources in the Outer Continental Shelf.

This inventory would be taken in areas of the OCS currently off-limits to any new drilling, which includes – and this is very important – any pre-drilling activity.

These areas include the coastal areas of California, Florida, Oregon, Washington, Alaska's Bristol Bay and the entire East Coast.

The "inventory" language that was struck out of the House bill – unanimously – would have required seismic surveys and other invasive technologies in the OCS areas now off limits to new drilling.

These are "pre-drilling" activities, not permissible under current law.

The House unanimously struck this "inventory" because it is a bad idea:

First, it is completely unnecessary.

Proponents of the inventory are going to come on the floor and tell us how important it is to know what resources are in the OCS.

They will say, "*We just want to know what is out there*."

The only problem with this argument is that *we already know what is out there.*

The Minerals Management Service already conducts a survey every five years.

The latest comprehensive analysis assessment was done in the year 2000.

This assessment includes estimates of undiscovered oil and natural gas that is conventionally and economically recoverable.

So, if we know what's out there – why the inventory provision?

That brings us to the second reason this inventory is a bad idea: it is really just the first step in drilling in these areas now off limits.

The inventory is an attempt to overturn the Presidential and Congressional moratoria on new drilling in these sensitive coastal areas.

And that is really what this is all about:

It's a push – on behalf of the oil companies – to start drilling in coastal areas of the US where there isn't a whole lot of oil and where tens of millions of our citizens have made it clear that they don't want any more drilling.

Mr. Speaker, a little history might be in order here:

In 1990, President George H.W. Bush announced an executive moratorium ending new drilling off California, Oregon, Washington, Alaska's Bristol Bay, Florida and the entire East Coast.

President Clinton extended this action to 2012.

Both actions were met with widespread acclaim by a public that knows how valuable – environmentally and economically – our coastlines are.

And, of course, Congress has supported these actions for the last twenty years by restricting MMS from spending funds to support any new drilling or pre-drilling activities in these areas.

In addition, President George W. Bush endorsed both moratoria in his FY04 budget.

State officials – including Florida Governor Jeb Bush to former New Jersey Governor Christie Whitman –have endorsed the moratoria.

And, the House of Representatives has voted <u>twice</u> in recent years to stop new drilling in the waters off Florida and California.

So, despite:

- that there is no need for an "inventory" since we know what is out there;
- that the House <u>unanimously</u> rejected the call for this unnecessary "inventory";
- that the "inventory" violates longstanding moratoria enacted by Republican and Democratic presidents, Republican and Democratic Congresses, and endorsed by the current Republican president;

What are the energy conferees doing?

They are putting the so-called "inventory" provision <u>back into the bill</u>!

That is why we are offering this motion to instruct: to send a message to the conferees that this inventory is an unnecessary and inappropriate addition to the energy bill and that it should be dropped.

Coastal communities have spoken repeatedly – in strong bipartisan voices – to protect their state's sensitive coastal resources and productive coastal economies.

They are too economically valuable to risk more with oil drilling. It takes only ONE accident or spill to devastate the local marine environment and economy.

Last year, 67 Republicans and 184 Democrats voted to end new drilling off California.

In that vote, the House demonstrated its commitment to protecting our vital coastal communities.

A vote for this motion is the same thing – a vote to protect coastal areas from new drilling.

We need to reject these attempts to weaken existing protections for our coastal waters.

I urge support for this motion.

I would also, at this time, like to submit for the record a statement from Rep. Jim Davis in support of this motion.

Mr. Davis has been a leader in the fight to protect our valuable coastlines from unnecessary actions like this proposed "inventory."

And I RESERVE the balance of my time.

Office of Democratic Leader Nancy Pelosi

October 8, 2003

VOTE YES ON THE CAPPS MOTION TO INSTRUCT CONFEREES ON THE ENERGY POLICY ACT OF 2003

Protecting Fragile Coastal Areas and States' Rights

Today Rep. Lois Capps (D-CA) will offer a motion to instruct conferees on H.R. 6, the Energy Policy Act of 2003. Democratic Members are encouraged to speak during the debate on the Capps motion today and to vote YES on the motion when it is voted on next week. The Capps motion instructs conferees to protect the right of states to participate in decisions regarding coastal development, and to delete language that would threaten the longstanding protection of fragile coastal areas.

Specifically, the Capps motion will instruct conferees on two related points:

! To insist on the House-passed provision that protects the right of states to participate in the process of deciding if off-shore development is "consistent" with state coastal protection laws under the Coastal Zone Management Act (CZMA).

! To insist that conferees abide by the commitment of Chairmen Pombo and Tauzin on the House Floor that language removed by the bipartisan Capps-Miller(FL)-Davis(FL) amendment – adopted by the House by voice vote on April 11 during consideration of the energy bill – would not be reinserted in the conference report (this language is back in the Tauzin-Dominici draft conference report language that is now circulating). That language requires an inventory of the oil and gas resources in the entire Outer Continental Shelf (OCS) and directs the Interior Secretary to take steps that could lead to additional OCS leasing and development. The Senate has no comparable provision.

Following are talking points on the Capps motion to instruct.

! **States' Rights on Coastal Management Need to Be Protected.** "Consistency provisions" now in the conference report tip the federal review process away from a state's right to object to risky development projects along the coast. Behind closed doors, conferees simply tossed aside a bipartisan compromise hammered out in committee, and included in the House-passed bill, that provides reasonable time limits for appeals. Under the new language, development is automatically approved if the Commerce Secretary does not make a decision within 120 days, with no extensions. This does not allow time to conduct negotiations or to develop a complete record for the appeals process – virtually assuring even more delays and litigation as states seek to protect their coastal resources and economies. Currently, most disputed reviews are resolved through negotiation.

- **Longstanding Protection of Fragile Coastal Areas Is Threatened.** For the past 20 years, Congress and successive Administrations have sustained a bipartisan legislative moratorium that prohibits the use of federal funds for pre-leasing, leasing and other drilling-related activities in sensitive coastal areas, including Florida, California, the Pacific Northwest, Alaska's Bristol Bay and the entire East Coast. Congress passes appropriations bills each year which forbid development in the moratoria areas which were first set aside in 1982. President George H.W. Bush signed an executive order placing a 10-year moratorium on new leasing on the OCS, which was extended by President Clinton through 2012. President George W. Bush has included a moratorium in his FY 2004 Budget Request. Just a few short months ago, the House unanimously passed the bipartisan Capps-Miller(FL)-Davis(FL) amendment which struck provisions from the energy bill that undermine the moratorium by permitting an unnecessary inventory of OCS oil and gas resources. Yet the controversial language has reemerged despite assurances by both Chairmen Tauzin and Pombo during House Floor debate that they had no intention of including the inventory language in the conference report.

- **Millions of Fragile Coastal Areas Could Be Opened to Seismic Testing.** An inventory of OCS resources, as required in the draft conference report language, requires exploratory activities which can be harmful to marine mammals and natural ecosystems. Any one of these activities has the potential to damage tourism and, consequently, a state's economy. Last month, a bipartisan group of 100 Members wrote to Chairmen Domenici and Tauzin urging that the inventory requirement NOT be included in the final conference report. Governor Jeb Bush also has asked the House and Senate Leaders to oppose the inventory and help "*in preserving Florida's unique marine resources*" and "*protecting Florida's coastline by ensuring that the OCS inventory language is not included in the final energy bill.*"

SCHEDULING COLLOQUIES ON THE CHILD TAX CREDIT

LEGISLATIVE PROGRAM -- (House of Representatives - October 02, 2003)

[Time: 14:45]

Mr. HOYER. Is it the gentleman's expectation now that the bill as reported from the Committee on Rules to the floor will be subject to amendment?

Mr. DeLAY. I anticipate that the bill will come to the floor as most appropriations bills do, and there would be pretty much an open rule. Yes, I would suspect so.

Mr. HOYER. Further conference reports from the Committee on Appropriations. The Majority leader mentioned several conference reports that would come up next week or may come up next week. **I would note that neither the Medicare prescription drug legislation nor the child tax credit legislation is on that list,** but could Members be told which of those that were listed are most likely to come to the floor? I know we have had them on the list a number of times. Does the gentleman have any greater feel for which bills would be most likely to come to the floor?

I yield to the gentleman.

Mr. DeLAY. Mr. Speaker, of those that I listed, the Check Clearing for the 21st Century Act has already been filed, so we know that we will be voting on those. And we have every reason to expect that we have a good possibility of having the military construction and Department of Interior appropriations bills come to the floor. It may be a little more difficult to get Labor HHS to the floor.

As far as Medicare and its conference, the conferees have had formal meetings, meetings with the President, informal meetings in small groups. The conference chairman, the gentleman from California (Mr. Thomas), is working nonstop to try to reach a final agreement before the end of the first session, which I hope we can conclude by the end of October.

Progress has been made, very good discussions have been held, and the future looks good for actually bringing a conference report on Medicare to the floor.

As far as the child tax credit bill, we are still having problems with the Senate accepting the fact that child tax credits should be a permanent thing and we should not raise taxes on families after a certain period of time. So, until the Senate agrees to that, I think that conference is going to have a very hard time.

Mr. HOYER. **Mr. Speaker, reclaiming my time, I understand from those last comments, then, the position still is, if we cannot do it permanently we will not do it temporarily.**

Mr. DeLAY. Mr. Speaker, if the gentleman will continue to yield. The gentleman from Maryland (Mr. Hoyer) is correct. Temporarily means that you cut taxes for a family and then raise them a year or 2 later, and we think that is incredibly unfair. We think people should not be charged for having children by the government, and it ought to be made a permanent thing.

Child tax credits are something that the American family enjoys. They like having more of their hard-earned money to pay for their children rather than for government, and we are standing with the American family.

Mr. HOYER. Reclaiming my time, I understand what the gentleman is saying about standing with the American families, but the American families, at least the 6 and a half million and 12 million children that we talked about and the 200,000 military families, are not getting relief because, as I understand it, they cannot get permanent relief.

I would suggest to the Majority Leader that we passed a major tax bill that expires in 2010. So by its definition, therefore, it was temporary in nature, and, notwithstanding that fact, we passed it. I would urge the majority to apply the same logic to the child tax credit, to those families making less than $26,000 in our society, most in need of help, very frankly, as opposed to those of us who are doing much better and some, of course, doing much, much better than we are doing but we are doing well. So I would urge the gentleman to look at that…

LEGISLATIVE PROGRAM -- (House of Representatives - September 17, 2003)

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So it is vitally important for us to extend the highway program while we are working on a more comprehensive 6-year highway bill.

Mr. HOYER. Mr. Speaker, so the gentleman thinks that may be on the floor next week?

Mr. DeLAY. We are working hard to get it to the floor next week because we only have, starting off next week, I think we have 10 days before the end of this fiscal year.

Mr. HOYER. Mr. Speaker, reclaiming my time, next to last issue I would bring up, I think I heard the gentleman say this, but I want to make sure the Members understand, is it the gentleman's understanding, and is it his intention, that if we adopt a CR, is it next week that he thinks we may do that, that the date set in that CR for continuing funding would be until the 31st of October? I yield to the gentleman.

Mr. DeLAY. Mr. Speaker, I appreciate the gentleman yielding.

While I heard there is growing support for a CR that carries us through to October 31, to my knowledge no final decisions have been made on that, but a decision on it is getting closer and closer.

Mr. HOYER. **Mr. Speaker, last question, and I know it would disappoint my colleague if I did not pursue this issue, but Senator Grassley in the other body was quoted as saying he expects the Democrats to keep the heat on this issue, so we do not want to disappoint him either.**

I say that facetiously, but we really do care about the child tax credit. It appears that the conference is meeting. It appears that there is significant disagreement between the House and the Senate, but there appears that there is, in this limited area, that is, extending the child tax

credit to those families who are making between $10- and $26,000, of which there are some 6 1/2 million families, 12 million children affected by this and 200,000 military families, there appears to be agreement on this issue.

One of the disagreements is apparently that there are some of us who are willing to make it permanent, but want to at least see it active this year, but one of the problems apparently that the gentleman expressed last week was if we cannot make it permanent, we apparently cannot do it. I would hope, because I think we could do it very quickly on this floor and would not take much time of the body, that the gentleman would bring to the floor the Senate bill, which has the child tax credit, and that we might pass that or, alternatively, simply do a limited bill, send it to the Senate, and they could take it off the desk and pass it, but in either event, it would facilitate getting to those 6 1/2 million families the same kind of assistance that we have already given to others who have received a refund of the child tax credit. I know the gentleman anticipated that question. I know he has an answer.

Mr. DeLAY. Mr. Speaker, if the gentleman will yield, I have enjoyed my time in this institution working with the gentleman on institution matters, and I know the gentleman has strongly-held beliefs of protecting the prerogatives of this institution and the will of the House, and I just say to the gentleman under this issue, his words ``extending the child tax credit'' are critical. This House has spoken on that issue. This House has considered the Senate bill he mentions. This House has rejected that Senate bill as flawed, and this House has expressed itself because it wants to extend the child tax credit beyond the next election, and we expressed it in passing with a very good vote a bill and sent it to the other body.

I just would recommend that the gentleman direct his comments and his strategy toward the other body. All they have to do is pick up the House bill and the gentleman will get everything that he has asked for.

Mr. HOYER. Mr. Speaker, reclaiming my time, I understand what the gentleman said, but when one really addresses this issue in a way that reflects I think an honest analysis of it, there is disagreement between the two bodies on the proposal we made in the House and the proposal that has been made in the Senate. There is, however, no

disagreement, not a scintilla of difference, between the two houses on whether or not assistance ought to be given to these 6 1/2 million people, families and 12 million children, 200,000 military families this year. The only issue is do we want to do it further and keep it. Very frankly, I would want to do it at least this year, and then I will fight to do it next year and the year after, and our side of the aisle will fight side by side with the gentleman trying to make that permanent, but because there is no disagreement on that issue but there is disagreement, as the gentleman points out, between our body and the other body on other issues included in the bill to which the gentleman refers, these 6 1/2 million families are paying the price.

What I am saying respectfully to the leader is that on the issue that I have brought up, there is no disagreement, as I understand it, with Republicans, with Democrats in the House or with Republicans or Democrats in the Senate, and because we have agreement on that, we ought to act, and I would urge the majority leader to seriously consider requesting that the chairman of the Committee on Ways and Means, and we ought to protect our jurisdiction, we ought to initiate that bill but because we have agreement, I would hope we would do so. I would yield.

Mr. DeLAY. Mr. Speaker, if the gentleman would yield, I would just mention to the gentleman we do have a disagreement. The gentleman is correct. Everyone in this House wants to accelerate the child tax credit that is already on its way for the 6 1/2 million families. The disagreement in this House is on my colleague's side. They would like to allow that to expire, and these 6 1/2 million families would have their taxes increased the following year. We think that is a horrible policy, and we would like to, if they get this tax break, that they can count on this tax break for more than 1 year. This tax credit. It is not a tax break. This tax credit for more than a year.

Mr. HOYER. Mr. Speaker, reclaiming my time if that, as the gentleman posits, is the disagreement, then I would say to the leader that I think I can in the next 96 hours get my side of the aisle to agree with his side of the aisle to pass that as a permanent extension. The problem we have is not between our bodies on that issue as I said. I think my party would join. These are folks who make between $10- and $26,000 who are trying to support their children, put them into school,

get them through and make them good citizens. We want to help that, my colleague wants to help that, but we are not doing it. We are not doing it because there is a disagreement between the two bodies.

I think it is incorrect to characterize our side of the aisle as wanting this to expire. What we want to do is pass, and if there is disagreement between the bodies, we at least want to take one step, even if we cannot take five steps, because that one step will help those families. I would be glad to yield to the distinguished chairman of the Committee on Rules…

LEGISLATIVE PROGRAM -- (House of Representatives - September 05, 2003)

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(Mr. HOYER asked and was given permission to address the House for 1 minute.)

Mr. HOYER. Mr. Speaker, I am pleased to yield to my friend, the distinguished majority leader, for the purposes of inquiring about the schedule for next week and the remainder of the day, if there is any schedule for the remainder of the day.

So that Members who are gathered here will know, have we had the last vote of the day, Mr. Leader?

Mr. DeLAY. I thank the gentleman from Maryland for yielding.

Yes, we have just had the last vote of the day.

[Time: 14:15]
The House will convene on Tuesday at 12:30 p.m. for morning hour and 2 p.m. for legislative business. We expect to complete consideration of H.R. 2989, which is the Transportation, Treasury, and Independent Agencies Appropriations Act for fiscal year 2004. Any votes called on amendments on this bill will be rolled until after 6:30 p.m.

On Wednesday we will consider several measures under suspension of the rules. A final list of these bills will be sent to Members' offices by the end of the day. We will plan then to consider H.R. 2622, the Fair and Accurate Credit Transactions Act of 2003, and hope to conclude with consideration of the conference report on H.R. 2115, the Vision 100, Century of Aviation Reauthorization Act.

Thursday, as you know, is September 11, and we are currently working on several measures to recognize the second anniversary of the 9/11 attacks. In addition to these measures, which we would expect to have broad bipartisan support on, I would certainly expect to have a moment of silence on the floor of the House and a ceremony similar to the one held in the Rayburn Courtyard last year.

Finally, Mr. Speaker, I would like to note for all the Members, we do not plan to have votes next Friday, September 12.

I thank the gentleman for yielding.

Mr. HOYER. Mr. Speaker, I thank the leader for his information. I want him to know on this side of the aisle we are going to be joining the majority side of the aisle as we reflect upon the tragic loss of some of our fellow citizens and the tragic loss of all of us and our country on that September 11.

Mr. Leader, can you tell me what time on Tuesday Members need to be here to assure themselves that they will be able to offer the amendments on the Transportation-Treasury bill?

Mr. DeLAY. If the gentleman will yield further, I would say at least by 2 p.m. on Tuesday, because for Members who are offering the amendments or who wish to be heard in the debate, we will begin consideration of the Treasury-Transportation bill at 2 p.m. in the afternoon.

Mr. HOYER. We had a number of questions, one of which I will ask now because it is in my mind.

Apparently, there is a delegation leaving for Doha Wednesday night. Can the gentleman reflect upon what might be on the schedule for Thursday that they might miss?

Mr. DeLAY. If the gentleman will continue to yield, I have heard of delegations leaving on Wednesday night and understand that, and that is why we anticipate a very light load, if any, on Thursday. But I cannot definitively say there will not be votes on Thursday. I think with the two sides of the aisle working together, we can come to some accommodation to where we can properly celebrate, not celebrate, that is not the right word.

Mr. HOYER. Commemorate.

Mr. DeLAY. Commemorate the events of 9/11, and still allow Members to go about their normal business.

Mr. HOYER. I thank the leader for that information.

Also, Mr. Leader, I know you did not anticipate this, but when do you expect to attempt to conclude with the D.C. appropriations bill? Will that be done next week?

Mr. DeLAY. I would expect that the votes on final passage of the D.C. appropriations bill could very well be held the evening of Tuesday, after the rolled votes on the Transportation-Treasury bill.

Mr. HOYER. I thank the gentleman.

Mr. Leader, we have had a lot of concern and discussions about the child tax credit. It has been 85 days since the President urged us to pass it. Does the gentleman have any expectations that that might be on the agenda, either next week or in the near term?

I yield to the gentleman from Texas.

Mr. DeLAY. I appreciate the gentleman yielding and his concern on this issue, and I assure the gentleman that we would very much like to address his concern. But the truth is, we disagree so strongly on this issue, on how to address this issue. We on our side just do not believe that the tax credit should expire right after next year's election and certainly do not want to see it decrease in value over the next several years, so we have continued to insist to the other body in our negotiations that the child tax credit cover more families for a longer period of time with more relief. I just hope very soon that we can convince the conferees that this is the right approach to take.

Mr. HOYER. Mr. Speaker, reclaiming my time, I appreciate the gentleman's position. Of course, as the leader knows, the problem that we have on this side of the aisle with that position and your concern about having the tax credit expire shortly after the election next year, we have not given relief to the 200,000 service personnel who are covered and the 12 million children and 6.5 million families that would have been covered by the Senate amendment that was dropped in conference. So I understand your concern, and I share that concern. On this side of the aisle we do not want the tax credit to expire either.

Having said that, however, we would hope that the 6.5 million families and 12 million children and 200,000 Armed Forces personnel would not be held hostage to our concern about making sure that it does not expire in an untimely way.

Mr. DeLAY. If the gentleman will yield further, I share the gentleman's concern; but I do not think that that 6.5 million families would want to see a tax increase right after the election, having enjoyed getting a tax credit and then seeing their taxes go up $300 per child almost immediately. So I totally agree with the gentleman. But this bill, as the gentleman may recall, has very important provisions for the military in it.

I would just urge the gentleman to make his concerns known to those over in the other body that could move this bill within nanoseconds if they had real concerns for those 6.5 million families and the military families in this country.

Mr. HOYER. Reclaiming my time, respectfully the leader and I have a different perspective, as you know. We could move within a nanosecond to include those children today with unanimous consent. Frankly, as the leader well knows, we had a vote of 422 to 0 on much of the military tax relief in terms of moving expenses, capital gains expenses from selling homes and other expenses, the death benefit exclusion from taxes. So all of those items, there is agreement on my side, unanimously, as there was on your side. So the only issue is are we going to hold those two items hostage, the child tax credit and the military, for other items which are much more controversial, both within this body, Mr. Leader, as

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you well know, and between the two bodies.

I think probably there is not much purpose in discussing this further, but we would hope that perhaps we could try to move those items on which we have agreement and continue to work on those that we do not forge agreement on. But we ought not to, in light of our disagreement on some things, damage those folks.

Lastly, let me make an observation. I agree with you, Mr. Leader, that those families, those 6.5 million families, would not want to see a tax

increase next year after the election; but if you ask them whether they wanted a $300 to $600 credit between now and the next election or simply stay at the same rate ad infinitum, I have a feeling there is little doubt they would say, well, we will take the help for a year, even if you do not give it to us permanently…

The Child Tax Credit, Updated

With new data showing that incomes are down and poverty is up, Democrats will continue to fight for passage of the expanded child tax credit to help 6.5 million working and military families. This week, Rep. Joe Crowley will offer the motion to instruct conferees on the child tax credit to accept the bipartisan Senate-passed child tax credit bill and get the bill done. Members are strongly urged to vote YES on this motion. In July, the checks for the child tax credit provided in the new law were sent out. However, 6.5 million families got no check or a smaller check because House Republicans, led by Tom DeLay, are stalling passage of the Senate bill. It is time for President Bush to demonstrate leadership and insist that Majority Leader Tom DeLay and House Republicans enact tax relief for these working and military families now.

Democrats Are Fighting to Enhance the Child Tax Credit. House Democrats are fighting to quickly enact the bipartisan Senate-passed tax bill to help the 12 million children that Republicans left behind in the new tax law. Nearly three months ago, on June 5, the Senate overwhelmingly passed a measure (H.R. 1308), 94 to 2, to immediately give an increased child tax credit to 6.5 million working families, including the families of 262,000 military children – families earning $10,500 to $26,625 that Republicans deliberately left out of their $350 billion tax law. But House Republicans, instead of immediately passing the Senate measure, passed an $80 billion political ploy to solve the $3.5 billion problem of providing tax relief for these children of working and military families. As the *Washington Post* said, "But the House, where the leaders are hostile to tax credits for those who do not pay income taxes, used the opening as an excuse to pass another huge tax cut, knowing full well the Senate would never go along." ***(Washington Post, 7/24/03)***

For the First Time in a Decade, Poverty is Up and Median Household Income is Down for Two Consecutive Years. It is clear that more middle-income families are financially-pressed, and more families are falling into poverty as a result of our struggling economy. New Census recently released shows that the U.S. poverty rate grew from 11.7 percent in 2001 to 12.1 percent in 2002 – with an additional 1.7 million people living in poverty. Further, median household income dropped by 1.1 percent for a second consecutive year. This marks the first time in a decade that income has dropped and poverty has increased 2 years in a row. It is an outrage that Republicans continue to block the child tax credit for the 6.5 million working families – now for the fourth month, given the economic difficulties that America's families are facing.

House Went on Vacation without Giving These Hard-working Families A Break. In July, the Treasury Department sent out millions of checks for the expanded child tax credit provided in the new law, just as the House adjourned for August vacation. However, the 6.5 million hard working and military families to be helped by the Senate bill got no check or a smaller check because House GOP opposition. It is time for House Republicans to right this wrong, stop playing politics, and pass the Senate provisions.

House Republicans Are Bogging This Tax Relief Down. House Republicans have made it clear that they do not value these working and military families, and that there is no urgency in getting this tax relief done. Rep. Bill Thomas, the chief House tax writer, said "There are worse things than it [the child tax credit bill] not happening." ***(Wall Street Journal, 6/13/03)*** Regarding the Senate-passed bill, Majority Leader DeLay said, "Ain't going to happen." ***(AP, 6/10/03)*** And Speaker Hastert said, responding to a question about why not just take care of these families, "Because, first of all, they don't pay taxes..." **(Meet the Press, 7/20/03)** And earlier this month, *Roll Call* reported that Republicans said the bill it was "all but dead," as Rep. Bill Thomas was unwilling to work out the differences with the Senate. ***(Roll Call, 9/10/03)*** In fact, House Republicans have voted 22 times against the Senate child tax credit bill, and the conferees have not even met on the measure.

House GOP Bill Leaves Out Help Military Families in Iraq. There are 262,000 children of military families denied the expanded child tax credit because House Republicans are blocking passage of the Senate bill. Further, the House GOP bill contains bad news for the children of the 200,000 men and women serving in Iraq or other combat zones. It leaves in place current law – under which families will have tax increases because combat pay is not counted for purposes of the child tax credit. For example, an E-5 sergeant with 6 years of service and 2 children is paid $29,000 a year. Generally both of his children would be entitled to the full $1,000 tax credit; but if he goes to combat for 6 months his credit would drop to$450 under the House bill. The Senate bill helps these military families, the House bill does not. Not only are they blocking these provisions for our military men and women, but House Republicans have held up since last year the Senate-passed H.R. 1307, the Armed Services Tax Fairness Act, providing $835 million over ten years in tax relief for men and women serving America , as they oppose Senate provisions in that measure cracking down on those who renounce their citizenship in order to avoid U.S. taxes.

President Bush Must Demonstrate Leadership and insist that House Republicans and Majority Leader Tom DeLay Enact this Tax Relief Now. At the end of July, after House members left on vacation, the President called on lawmakers to break the impasse and accept the Senate measure, saying, "They [House and Senate members have] got to resolve their differences and get it to my desk as quickly as possible so people can get additional help." ***(AP, 7/24/03)*** In Michigan, he said, "The child credit must be given to low-income Americans as well. I want the benefits of tax relief all across the spectrum of our society." ***(Washington Post, 7/25/03)*** As the *New York Times* said, "Only the President has the clout to engineer a true, less costly solution...There are 12 million deserving children in poor families that are far more likely than the affluent to immediately spend the money in the economic stimulus Mr. Bush has been promising." ***(New York Times, 7/24/03)*** It is time for the President to impose some compassionate conservatism on House Republicans for the sake of these hard working and military families and our economy.

Senate Bill Will Strengthen the Economy. Democrats know that by putting money in the hands of all hard working Americans can we create jobs and build a strong economy. If we're going to cut taxes to stimulate the economy, let's make sure everybody benefits. The refundable child tax credit is a simple, affordable solution to put money back into these families' pockets so that they can buy the blue jeans, tennis shoes, and the school supplies they need. The added benefit was that additional consumer spending will help to bolster our economy during these tough times.

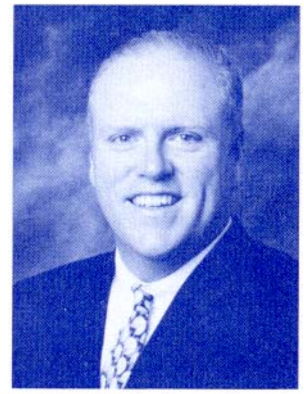
House Republicans Should Not Saddle our Children with Even More Debt. House Republicans are exploiting the child tax credit provision to pass even more tax cuts that will saddle our children with mountains of debt. The House GOP bill cost more than $80 billion, while all that is needed to make sure these children and their families are treated fairly like everyone else is $3.5 billion, and that is fully offset in the Senate bill. It is particularly reckless and irresponsible to do so knowing that this year's federal deficit will hit a record $401 billion, and climb even further in 2004. These record GOP deficits mean families will be saddled with a debt tax averaging $4,579 per family of four in 2011 just to pay interest on the public debt. If Congress is going to saddle these hard-working families with debt, they should not be excluded from the expansion of the child tax credit.

Children's Defense Fund states that hundreds of thousands of children of teachers, nurses, and farmers are left behind. Of the 12 million children left behind, 178,000 are children in farming families; 567,000 are children of nurses or orderlies; and 337,000 are children of teachers. It also disproportionately leaves behind black and Hispanic children – 2.4 million black children and 4.1 million Hispanic children.

NEWS FROM

Congressman

Joseph Crowley



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For Immediate Release
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Republicans Continue to Leave Children Out in the Dust

Congressman Joseph Crowley to Fight for Passage of Child Tax Credit to Help 6.5 Million Working and Military Families

Washington, DC—Today, Congressman Joseph Crowley offered legislation before the House, known as a motion to instruct conferees, to mandate the House of Representatives immediately pass real tax relief for 6.5 million middle and working class Americans with children. Hispanics, African-Americans and enlisted military personnel would be the largest beneficiaries of this child tax credit for working families. Over the past four months, Democrats in the House have fought for passage of the expanded child tax credit to help 6.5 million working and military families, and their 12 million children.

"In a midnight deal on legislation further cutting taxes for the richest 1% of Americans this spring, the Republican leadership chose to expand the tax cut for their wealthy friends by eliminating the tax benefits for working families, especially Hispanic and African American families, in my district and throughout America," Congressman Crowley said. "Millions of children, with minorities being hit the hardest, were declared unworthy of help, even though their parents work hard every day. I believe that giving these working families a child tax credit, and correcting the last-minute injustice they suffered at the hands of the Republicans in Congress should be our immediate priority. That is why I offered this legislative motion, to correct this unfairness for working families and help twelve million children."

Congressman Crowley offered this legislation, known as the motion to instruct conferees, on the child tax credit to accept the bipartisan Senate-passed child tax credit bill, which will expand this tax credit to 6.5 million families from middle and working class backgrounds. In May 2003, the President signed $350 legislation to eliminate the tax on stock dividends and expand the child tax credit to the richest Americans. In order to pay for this tax cut, the Republicans, in a last minute deal, eliminated the child tax credit for 6.5 million working families. In July of this year, the checks for the child tax credit provided in the new law were sent out. However, 6.5 million families got no check or a smaller check because House Republicans are stalling passage of the Senate bill to provide the same tax cut to working families. "It is time for President Bush to demonstrate leadership and insist that House Republicans enact tax relief for these working and military families now. To make this appalling situation even worse, we have just received the new national unemployment data for the month of September. There has been continued and sustained job loss around the country, with New York suffering a damaging 19,900 jobs lost this past month, on top of the 173,000 jobs lost in New York State since the beginning of the Bush Administration. In my district, Latinos and African Americans have been hit the hardest with Republicans offering them no remedies.

Congressman Crowley and House Democrats have been fighting to quickly enact the bipartisan Senate-passed tax bill to help the 12 million children that Republicans left behind in the new tax law. On June 5, the Senate overwhelmingly passed a measure (H.R. 1308), 94 to 2, to immediately give an increased child tax credit to 6.5 million working families, including the families of 262,000 military children-families earning $10,500 to $26,625 that

-more-

Republicans deliberately left out of their $350 billion tax law. "House Republicans, instead of immediately passing the Senate measure, passed an $80 billion political ploy to solve the $3.5 billion problem of providing tax relief for these children of working and military families," added Congressman Crowley.

For the first time in a decade, poverty is up and median household income is down for two consecutive years. More middle-income families are financially pressed, and more families are falling into poverty as a result of our struggling economy. The nation's unemployment rate has risen to 6.1% since January of 2001 with 3.3 million jobs disappearing. The unemployment rate among Hispanics has soared to 7.5% and skyrocketed among African Americans to 11.2%. New census numbers recently released shows that the U.S. poverty rate grew from 11.7 percent in 2001 to 12.1 percent in 2002-with an additional 1.7 million people living in poverty. Further, median household income dropped by 1.1 percent for a second consecutive year. This marks the first time in a decade that income has dropped and poverty has increased two years in a row. "It is an outrage that Republicans continue to block the child tax credit for the 6.5 million working families-now for the fourth month, given the economic difficulties that America's families are facing," said Congressman Crowley.

-End-

Office of Democratic Leader Nancy Pelosi

VOTE YES ON SCHAKOWSKY MOTION TO INSTRUCT CONFEREES ON THE MEDICARE PRESCRIPTION DRUG BILL

Would You Prefer $174 Billion to be Used for HSSAs or Helping to Ensure Seniors Don't Lose Their Employer Retiree Coverage?

Today, Rep. Jan Schakowsky (D-IL) will offer a motion to instruct conferees on H.R. 1, the Medicare Prescription Drug bill. **Democratic Members are encouraged to speak during the debate on the Schakowsky motion and to vote YES on the motion when it is voted on next week.** The Schakowsky motion would strike House-passed provisions that would establish new tax-free savings accounts (HSSAs) for medical expenses – which are a $174 billion tax cut masquerading as help to the uninsured. These funds could be better used to provide subsidies to employers to encourage them not to drop prescription drug coverage for retirees.

On June 26, the House passed, on a mostly party-line vote of 237 to 191, H.R. 2596, the Health Savings and Affordability Act, which established Health Savings Security Accounts (HSSAs) – new tax-free personal savings accounts that can be used to pay for out-of-pocket medical expenses (it also renamed the existing Medical Savings Accounts as Health Savings Accounts (HSAs) and made them permanent.) According to the Joint Committee on Taxation, this bill would cost $174 billion over 10 years. Individuals who are uninsured could use HSSAs – but employers could also offer HSSAs to employees, along with high-deductible insurance policies. Under a rule, this tax cut bill was then attached to H.R. 1, the Medicare prescription drug bill, and is now part of the prescription drug conference deliberations.

Following are talking points on why Democrats would prefer to use the $174 billion that Republicans use for HSSAs and HSAs to help ensure that seniors don't lose their Employer Retiree coverage.

! **The House GOP Bill Undermines Employer Retiree Coverage.** Employer Retiree plans are currently the single largest source of prescription drug coverage for Medicare beneficiaries, covering about 12 million people. In most cases, the prescription drug coverage beneficiaries receive under these plans is significantly better than what they would receive under the House GOP bill. And yet the Congressional Budget Office (CBO) has concluded that about one-third of employers who are currently providing these retiree prescription drug benefits will drop that coverage if the House GOP bill becomes law as written. (Attached are state-by-state numbers prepared by Professor Ken Thorpe of Emory University, a nationally-recognized health care expert, on the number of beneficiaries it is estimated would lose their retiree coverage under the GOP bill.)

- **The Loss of Employer Retiree Coverage Is One of Seniors' Top Concerns.** As the New York Times (9/16/03) has reported, *"As Congress works on legislation to cover prescription drugs under Medicare, lawmakers have been deluged with complaints from retirees who fear losing drug benefits they already have from former employers. Some lawmakers say this issue is emerging as the most immediate threat to the legislation. ... 'Congress says the new benefits are voluntary, but many people would lose the coverage they have,' said Francis A. Meehling, 76."*

- **About 4 Million Seniors Would Actually Be Worse Off Under the GOP Bill.** As was noted above, CBO has estimated that about one-third of employers would drop their retiree coverage if the GOP bill is adopted – and this retiree coverage is generally better than that being offered by House Republicans. As a result, AARP has concluded, *"Roughly four million Medicare beneficiaries would find that their drug coverage had been diminished rather than improved by the enactment of a Medicare prescription drug benefit."*

- **Seniors With Retiree Coverage Do Not Receive Fair Treatment Under the House GOP Bill.** Under the House GOP bill, beneficiaries qualify for catastrophic coverage after they have met the bill's cap on out-of-pocket expenditures on prescription drugs. However, in order to lower its overall cost, the House GOP bill uses a peculiar definition of out-of-pocket expenses – known as "true out-of-pocket expenses"– under which any dollar an employer pays for an employee's drug costs would not count towards the employee's out-of-pocket catastrophic cap. This would therefore disadvantage seniors with Employer Retiree coverage because it would be virtually impossible for them to ever reach the bill's catastrophic cap. The effect of beneficiaries with Employer Retiree coverage never receiving the bill's catastrophic coverage is that their catastrophic drug costs would have to be borne by their former employer – and not the Medicare program. As a result, as CBO has pointed out, employers would have "a clear financial disincentive" to supplement the new Medicare drug benefit (since the employer would be responsible for all catastrophic drug expenses of their retirees), which is a key reason why CBO estimates that one-third would drop their coverage.

- **Due to Costs, Employer Retiree Coverage Has Been Declining Rapidly and The House GOP Bill Just Makes This Problem Much Worse.** Employer Retiree coverage has been declining dramatically. Just 34 percent of all large firms (200 or more workers) offered retiree health care benefits in 2002 – down from 68 percent of all large firms in 1988. Drug costs constitute 40 to 60 percent of employers' retiree health care costs, and it has been the steep increases in prescription drug prices that have been prompting employers to eliminate drug benefits, cap their contributions, or drop their retiree coverage altogether. By sticking employers with retirees' catastrophic drug expenses, the House GOP bill just makes these problems worse – and will encourage even more employers to drop their coverage.

- **Employer Subsidies Should Be Added to the Bill, In Order to Encourage Employers to Keep Their Retiree Plans.** Instead of squandering $174 billion on tax cuts that will not succeed in reducing the number of uninsured, the conference report should instead use these funds to provide subsidies to employers to encourage them not to drop prescription drug coverage for retirees. For example, one key proposal is to provide employers tax credits to reflect the share of catastrophic drug costs that would be borne by employers rather than by Medicare. To qualify, an employer would have to show that the value of its drug coverage was at least equal to the value of standard drug coverage under Medicare.

Finally, following are talking points on why the GOP tax-free personal savings accounts for medical expenses (the HSSAs and HSAs) – costing $174 billion – are <u>not</u> a good investment.

- **These Tax-Free Savings Accounts Will <u>Not</u> Reduce the Number of Uninsured.** The sponsors of HSSAs and HSAs argue that they can help with the problem of the uninsured because those with no health insurance would be eligible to establish these tax-free accounts. However, these proposals are not designed to benefit the uninsured. <u>Most uninsured have incomes that are too low to benefit in any meaningful way from a tax-free savings account for medical expenses.</u> First of all, <u>36 percent of uninsured people have incomes under the poverty level – and would gain no benefit from a HSSA or a HSA because they owe no taxes</u>. Furthermore, another 29 percent of the uninsured have incomes between 100 percent and 200 percent of the poverty level and they would get only minimal help from a HSSA or HSA. These low-income uninsured don't have $2,000 or $4,000 in cash to set aside for this purpose. Even if a low-income worker were able to put away some cash into a HSSA or HSA, this small subsidy wouldn't go far to pay for the high cost of health coverage – whether through an employer or in the individual private market. The average price of employer-sponsored family coverage was $7,954 in 2002.

- **These Tax-Free Savings Accounts Will Also Make Workers <u>Worse</u> Off by Encouraging Employers to Shift to High-Deductible, Less Comprehensive Policies.** Health Savings Security Accounts (HSSAs) would encourage employers to move away from traditional health insurance plans – which include low deductibles and cover a wide array of comprehensive benefits – to less comprehensive, high-deductible insurance, where employees bear a greater proportion of health care costs. Under the GOP provisions, employers could offer these HSSAs as long as they are provided in conjunction with high-deductible health insurance policies; deductibles must be at least $500 for individuals and $1,000 for family coverage. <u>It is likely that, as a result, employer-based health insurance with deductibles of $1,000 or higher for family coverage would become widespread and could well become the norm.</u> In addition, employers would also likely make their health insurance plans less comprehensive in other significant ways; for example, they could scale back the benefits covered and increase the copayments required, arguing that their workers could cover these increased out-of-pocket costs from funds in their tax-advantaged HSSAs. <u>Hence, these GOP provisions would become a way for employers to shift their health care costs from themselves onto their employees.</u>

Attached is a state-by-state table on the number of Medicare beneficiaries it is estimated would lose their Employer Retiree coverage under the GOP bill, prepared by Professor Ken Thorpe of Emory University.

Table 3.
Medicare Beneficiaries with Employer-Sponsored Insurance (ESI)
and Counts of Beneficiaries Likely to Lose ESI Coverage Under S.1 and HR 1
By State (Thousands of Enrollees)

STATE	MEDICARE Enrollees (000) 12/31/01	Percent of MCARE BENES with ESI	# Of MCARE BENES with ESI (000)	# Losing ESI Coverage
ALABAMA	696	31.17%	217	72
ALASKA	44	32.32%	14	5
ARIZONA	697	30.22%	211	70
ARKANSAS	442	19.52%	86	28
CALIFORNIA	3,945	29.56%	1,166	385
COLORADO	476	31.33%	149	49
CONNECTICUT	515	36.26%	187	62
DELAWARE	114	41.21%	47	16
DISTRICT OF COLUMBIA	74	37.60%	28	9
FLORIDA	2,859	26.72%	764	252
GEORGIA	936	26.18%	245	81
HAWAII	168	50.40%	85	28
IDAHO	169	33.64%	57	19
ILLINOIS	1,634	30.31%	495	163
INDIANA	858	31.77%	273	90
IOWA	477	28.33%	135	45
KANSAS	391	25.62%	100	33
KENTUCKY	630	33.03%	208	69
LOUISIANA	605	27.55%	167	55
MAINE	219	31.85%	70	23
MARYLAND	654	43.44%	284	94
MASSACHUSETTS	958	29.75%	285	94
MICHIGAN	1,410	46.87%	661	218
MINNESOTA	659	28.56%	188	62

MISSISSIPPI	424	23.28%	99	33
MISSOURI	867	32.91%	285	94
MONTANA	138	24.86%	34	11
NEBRASKA	255	21.45%	55	18
NEVADA	254	27.22%	69	23
NEW HAMPSHIRE	173	32.69%	57	19
NEW JERSEY	1,204	36.07%	434	143
NEW MEXICO	239	29.76%	71	23
NEW YORK	2,712	36.48%	989	326
NORTH CAROLINA	1,158	29.12%	337	111
NORTH DAKOTA	103	18.17%	19	6
OHIO	1,703	43.27%	737	243
OKLAHOMA	511	31.16%	159	53
OREGON	498	29.06%	145	48
PENNSYLVANIA	2,093	30.49%	638	211
RHODE ISLAND	172	25.48%	44	14
SOUTH CAROLINA	582	31.26%	182	60
SOUTH DAKOTA	120	17.89%	21	7
TENNESSEE	844	29.83%	252	83
TEXAS	2,303	27.34%	630	208
UTAH	211	40.17%	85	28
VERMONT	90	26.61%	24	8
VIRGINIA	911	32.70%	298	98
WASHINGTON	747	30.14%	225	74
WEST VIRGINIA	339	41.59%	141	47
WISCONSIN	787	35.16%	277	91
WYOMING	66	22.48%	15	5
TOTAL	**39,134**	**31.80%**	**12,445**	**4,107**

A. http://www.cms.hhs.gov/healthplans/statistics/mmcc/
B. Data Source: CPS 2000-2002 Pooled

Ms. SCHAKOWSKY. Mr. Speaker, I yield myself as much time as I may consume.

I rise today to offer a motion to instruct the House conferees on H.R. 1, the Medicare Prescription Drug and Modernization Act of 2003, to strike the health savings security accounts. The $174 billion saved should be used to provide employer subsidies in order to prevent over 4 million retirees from losing their existing drug benefits.

Many of us believe that the House Medicare bill does not go far enough in providing an affordable and adequate prescription drug benefit to the 13 million senior citizens and persons with disabilities who lack coverage. There are, however, 12 million retirees who today enjoy better coverage through employer-sponsored insurance than the benefit included in H.R. 1. I suspect that very few of us would be willing to say that those 12 million retirees should lose the better coverage they have today.

In fact, one of the selling points of this bill is supposed to be that enrollment in the Medicare benefit is purely voluntary, that retirees can keep their existing coverage if they want; but, unfortunately, this is not the case. We know that from the July 22 Congressional Budget Office analysis of H.R. 1 that one in three out of those 12 million retirees would be worse off if we pass this bill. I want to repeat that. According to the CBO, one out of three of those 12 million retirees would be worse off if we pass this Medicare bill.

It seems to me that our theme ought to be at least first do no harm; but 32 percent of retirees with employer-sponsored insurance would lose that coverage, according not just to the CBO but to studies like the one recently released by Ken Thorpe, a health policy expert now working at Emory University. He agrees with the CBO figures and has given us state-by-state figures about the impacts of H.R. 1.

According to Dr. Thorpe's analysis, 163,000 retirees in my State and in the State of the gentleman who takes the opposite view would lose their coverage and be forced to pay more for their medications if H.R. 1 passes. In every State across our great Nation, there are retirees and retiree families who would be worse off under this bill: 252,000 in Florida; 45,000 in Iowa; 218,000 in Michigan; 55,000 in Louisiana, and on and on the litany of retirees who would do worse under this Medicare bill.

The devastating impact this bill would have on these 12 million retirees and their families is probably unintended. Many of my colleagues may not have known about this problem when H.R. 1 passed this body by a single vote; but now we know about those impacts, and it is up to us to fix this problem.

Again, it may have been unintentional, but we now know that this bill includes perverse incentives that actually encourage employers to drop coverage and that penalize employers that have done the right thing, those employers who are struggling to pay for drug benefits for retirees and who want to continue to meet their commitment.

We have heard about this problem not just from groups like the AARP and the AFL-CIO, the National Committee to Preserve Social Security and Medicare, and Consumers Union, the National Breast Cancer Coalition and the American Foundation for the Blind. The analysis is coming from the Congressional Budget Office and the Heritage Foundation.

These concerns are, as my colleagues know, echoed by individual retirees across the country. Many of us have held town meetings on Medicare, have talked with senior groups and heard from individual retirees. Again and again, we hear concern that H.R. 1 will take away the benefits that they worked so very, very hard to earn.

As Francis Meehling, age 76, told a New York Times reporter, ``Congress says the new benefits are voluntary, but many people would lose the coverage they have.'' Once a retiree loses his or her coverage, the choice to enroll in an inadequate Medicare drug plan is no longer voluntary because there is no other option available. Let us be very clear. Unless we fix this problem, we will have taken away choice from 4 million retirees and their families.

My motion to instruct conferees is a way to find the resources necessary to provide the financial incentives to solve this problem. Because we are faced with a $400 billion cap on Medicare spending, which is imposed by the other side of the aisle, we have few choices. We can find the money by reducing the already meager Medicare benefit, we can cut Medicare payments to hospitals and doctors, or we could use the money going for health savings accounts, $174 billion, so that 4 million retirees do not lose their current benefits.

I have lots of concerns with the health savings accounts themselves because few of the uninsured have incomes high enough to take advantage of the health savings accounts, and I do not believe they will meet their purported goal of providing coverage to the uninsured. At a time when States are struggling financially, the Center on Budget and Policy Priorities says savings accounts will drain $20 billion to $30 billion from State treasuries.

It is really not my point today to argue that point. I urge even my colleagues who support savings accounts to support this motion. We have limited choices about where to get the money to prevent 4 million retirees from losing their coverage; and again, I am sure that none of my colleagues want a single one of their constituents to be worse off because of passage of this bill.

The example of the catastrophic health care bill of 1989 continues to loom over us, and I have issued a friendly warning about it in the past. That is the time when the angry senior citizens charged the then-chairman of the House Committee on Ways and Means and surrounded his car and demanded that that bill be repealed. In recent weeks, I have heard from so-called experts that this bill will not result in a rerun of major grass roots opposition created by the catastrophic bill because they say this is a voluntary bill and no one will be worse off because this Medicare drug benefit is not mandatory but voluntary; but that is really not true because I caution my colleagues to listen again to the words of senior citizen Francis Meehling who says, ``Congress says the new benefits are voluntary but many people would lose the coverage they have."

Wednesday talking points on the Obey Amendments
to the $87 billion request for Iraq

Rep. Obey will offer a package of amendments to the president's $87 billion supplemental request for Iraq that addresses concerns raised by Democratic and Republican Members of Congress and by the public:

- The total amount requested for "Reconstruction"
- The exorbitant costs of many items and projects
- Serious questions about billion dollar no-bid contracts that appear to have been awarded to favored corporations
- Lack of public accountability in contracting decisions and contractor performance
- Underfunding of equipment and supplies for U.S. troops to protect them and improve their quality of life in Iraq
- None of the president's $87 billion request is paid for; it is all borrowed and will further increase the annual deficit and the national debt
- The per capita debt for Americans is already nearly twice the per capita debt for Iraqis

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Obey Amendment

Iraq Reconstruction Supplemental

Funding reductions

Reduces Iraq reconstruction funds by $4.618 billion bringing the total provided for Iraq reconstruction to $14.031 billion, which is $6.273 billion below the President's request.

Reductions are achieved by deferring funding of a portion of the major construction projects, maximizing use of local labor and eliminating nonessential items. Funding for critical Army and Police training and restoration of the power, oil, and water sectors are retained.

Savings used to address US Military needs

Adds $4.6 billion saveings from reconstruction to provide for military needs not addressed in the Chairman's mark. The increases enhance quality of life programs for active and reserve forces and their families; reconstitute the military forces used in Iraq and Afghanistan.

Specifically the amendment:

- Includes a series of provisions to address health care, personal assistance, and other quality of life concerns directly related to Operations Iraqi Freedom and Enduring Freedom

- Includes additional funds for repairing and replacing equipment used in those operations as follows, Army - $1.3 billion, Navy/Marine Corps - $1.1 billion, Air Force - $0.7 billion

- Includes funds to allow the Army to increase its number of active duty troops from the current level of 480,000 to 500,000. These additional troops (enough for one full Army division) will – after one year - help relieve pressure on an already over-deployed active duty force.

- Includes funds constructing water treatment facilities to provide sufficient drinking water to our troops in Iraq.

Creates accountability for funds

Requires a detailed report from the President describing how funds in the previous war supplemental have been spent, how funds appropriated in this Act are being spent, the level and types of funding needed for future years for both military and reconstruction activities. The provision prohibits obligation of any remaining funds from this Act unless report is submitted on the required date.

Requires notification of non- competitive contracting with GAO report on accountability and tightens public disclosure requirements. Also requires report on use of Iraq contractors and establishes the Coalition Provisional Authority to ensure accountability.

Creates mechanism for Loans and other donors

Half of the funds provided ($7 billion) are transferred to a Trust Fund at the World Bank. Those funds are available as loans to Iraq, based on being matched by $3.5 billion from other donors. Authority is provided to leverage up to $42 billion in World Bank loans through use of callable capital. If, after 6 months, the Trust Fund is not viable, remaining funds are transferred back to the CPA for use as grants, unless Congress acts to convert them to loans.

Pay for it

The entire $87 billion package is paid for by canceling the super-size tax rate cut for the top 1%. The amendment restores the top income tax rate to its pre-2001 level of 39.6 percent, reversing the super-sized Republican tax cuts that have now cut that tax rate to 35 percent. The rollback would be delayed until the start of tax year 2005.